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MARKETING & MEDIA Decisions

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FUTURES

Tv alternatives in focus

What with the sparks generated by the media's attacks on television in the past few months, it can hardly come as a surprise that industry observers are speculating on the future development of the medium.

Vitt Media recently released a study, detailing the sharply divergent views of tv advertisers and media reps.

From the advertisers, the same round of cavils: objections to diminishing audience share went hand in hand with concern over the difficulties of reaching the target market.

- 70% of those polled claimed tv still gave them sufficient returns on their money; this did not stop an equivalent number from pointing out the effect of audience share loss on efficiency.
- 87% went so far as to term declining audience share "a very serious threat" or "a moderate threat" to television's status as an advertising medium.
- 91%, on the other hand, perceived an increasing efficiency in cable over the past five years.

Far greater optimism, overall, dominated the sellers' views. All felt the medium continued to be as efficient over the recent years.

The majority said that television had become a more effective selling tool and that the quality of programing has improved.

- Over 50% saw cable as a "serious" or "moderately serious" threat to the medium.

The study found that the most significant result was the increased perceived difficulty of using television as efficiently as in the past. This has lead to speculation about the future form of advertising.

29% advocated program barter over the next five years (up from the 9% currently using the form).

- Others (35%) pointed to "piggybacked" 30-second spots as a possible alternative. Among other points of interest raised in the study was the emphasis placed on quality programing. Arthur D. Little, the Cambridge-based research firm, showed that television viewers do not associate program content with the advertising adjacent to it (See "Futures," September 1983). However, the advertisers responding to the Vitt Media survey displayed an overwhelming (96%) concern for program quality.

The suspension of the NAB code drew some interesting projections.

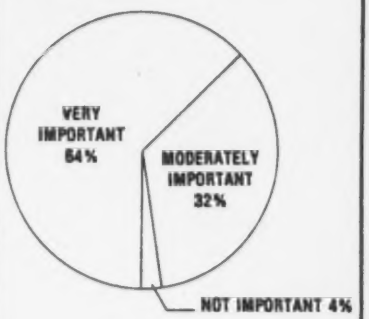
- 71% see increased clutter arising from shorter commercial formats and more messages per hour.
- 46% felt the suspension would draw a wider range of products to advertise on broadcast media.
- 24% thought the suspension would then lead to even more creative advertising.
- 21% see another regulatory body picking up the NAB's work — most likely, the Federal Communications Commission.
- 28% project a greater incidence of deceptive advertising.

Other industry observers have a grimmer outlook on the medium's future. *Media Science Reports*, a New York based newsletter, sees significant changes in the medium, prompted both by advertisers' concern for its effectiveness and the networks' dismay over audience share.

According to the report, television currently does not reflect demographic and psychographic changes:

"The radicalized youth segment under-reports in all surveys. The 1950's minded are overrepresented by all surveys." The proliferation of media alternatives — the study cites telemarketing and magazines among others — has not spurred television toward a more accurate reflection of reality, either in program content or effectiveness.

Importance of quality programing



Source: Vitt Media

Seeing increased attention paid to direct-response media, the report said one form into which television might evolve is "the programercial." This would be "a longer-form video piece viewable on its own merit, with a direct-response opportunity." This might be a means for advertisers to attract fractions of the audience that have been distracted to the NEM.

The report stated that the first four years of the NEM revolution have passed and that we are entering the second phase.

Among the report's predictions for the next phase of growth:

- NEM will appear in 70% of households, with the average at 3.2 "NEM types."
- By 1987, nearly half the homes in the U.S. will be shielded from commercial penetration by the acquisition of pay tv, while one third of the total will have remote devices to allow zapping.

• 20% will have what the report termed "storage medium:" a vcr or other technology capable of recording programing: to be played back during viewing hours.

These factors, and others, will constitute "effective electronic barricades" to commercial penetration in most households, the report stated. Unless advertisers and their agencies adapt to a changing electronic environment, it warned, they will be left out of the picture.

What Americans will put on the table

Now that we've all OD'd on health food, the newest food trend will be ethnic, and may be predominantly Italian, according to a study released by New York-based Find/SVP.

The information and research firm has released its projections on the growth of the domestic pasta market. Current volume stands at 2.349 billion pounds, and is expected to boil over to 2.66 billion pounds by 1990, or $1.64 billion.

Real growth in the industry has been flat over the past five years — the period in which Americans were tightening their belts and going low-caloric. But as health food gives way to ethnic diets, a trend already remarked by Dancer Fitzgerald Sample's *New Product Newsletter*, pasta is expected to weigh more heavily on the consumer's mind.

The Find/SVP report cited other factors affecting pasta's expected resurgence: growth of the food services and ingredient markets, stabilization of import prices in relation to domestic levels and population projections.

American Home Foods, a division of American Home Products, put some $11 million behind its Chef Boy-Ar-Dee brand in 1981, according to Leading National Advertisers. By 1982, LNA figures put advertising expenditures near the $15 million mark. Campbell Soup, another major force, has not been sitting back, but doubled its estimated 1981 expenditures from $2.5 million, to some $5 million in the following year.

Clearly, marketers have already gotten a whiff of this trend. Tom Noto, marketing manager for Campbell Soup's Franco-American pasta products, says the new awareness of pasta's nutritional value has allowed the Campbell Soup product to improve the image of canned pastas in its new campaign.

"Traditionally, canned pasta has the lowest image," he says. The company has been following the growth trend, responding with increasing advertising budgets. "This will continue to be our response," he says. Recent campaigns for the product have "switched to reflect the shift" in attitudes toward pasta.

By approaching the market with a nutrition-oriented message, Noto feels the advertising can address the traditional canned pasta segment, dominated by children, and the new nutrition segment. The former has been stable, but the latter is continuing to show healthy growth. "We've seen two years of volume gains," he says.

While the company has not announced plans to target the gourmet-oriented segment, he says it is "looking at adding to the line on the gourmet side." This is most likely to be addressed through the Prego brand, which has already seen line extensions. "Right now we're testing a tortellini soup under that brand," Noto says. He does not see the company committing itself to addressing the gourmet segment fully, he explains, since gourmet pasta eaters prefer fresh pasta, which would demand an extensive and expensive distribution system.

The Find/SVP report noted that "no national brand of pasta" has emerged yet, despite the increased activity. The report states "what has thus far been missing in the 'national brand challenge' is the absolute commitment by these companies to do what it takes to establish a national brand." Advertising expenditures seem to be already rising to *that* challenge.

As the demand for the food product continues to segment, however, it may become increasingly difficult for a single brand or two to straddle the extremes of consumer interest. The report points to the still health conscious segment, the gourmet, upscale consumer, and the currently declining segment represented by housewives with three or four children, as the main sources of demand. With the growth of the "industrial" or non-consumer market, the industry will have yet another source to please.

What does it all mean?

After the leading economic indicators have obligingly pointed the way to recovery during the last six months, a survey by Lamalie Associates, the New York based executive search firm, seems to throw a wrench into the works.

Sharp gains (58% over 1982) in executive demand over the first half of 1983, third quarter results have been less than encouraging, with a 16% slip over the previous three months. Lamalie Associates calls attention to conservativism from top management as the primary factor. Why now, when they've spent the past nine months talking themselves into a recovery?

Well, according to Richard E. Lamalie, president of the firm, optimism seems to be sustained on the senior executive level despite the slow-down in hiring. The shift in corporate hiring policies simply reflects a desire to "achieve real growth in a controlled setting."

Activity was highest on the highest levels over the first nine months of the year, and continued to lead overall. Lamalie noted that the persistence of executive search reflects a need for those who can "implement more meaningful management continuity and succession planning systems," or keep up the good work.

You can't buy cable by the numbers

In the past three years cable has captured the imagination of the advertiser with rifle shot penetration and bargain rates. But advertisers are pressing their agencies for more demographic data. The numbers gap is turning into the primary issue, as cable systems and stations deal with solvency and survival.

Cable isn't a numbers buy — yet.

The debatable medium still perplexes its boosters and detractors because the quantitative and qualitative limitations on audience information make cable's use difficult to justify.

But if research is problematic, on the credit side, the price has been right.

The cable audience is out there. A.C. Nielsen's July data estimates the total number of U.S. households at 32,930,140. National cable penetration is placed at 39.3%. Forty percent penetration can be expected by the end of 1983.

But just to show the nature of the problem, Arbitron Ratings places cable penetration at 37.5% or 31,461,900 households, as of the end of September. So advertisers know what the size of the cable audience is, plus or minus two percent.

While cable users are generally optimistic about the emergence of reliable household information from Nielsen and Arbitron, they still find the data coming up short. More demographic data is requested, as well as product usage information.

"What's the difference between a 0.9 rating and a 1.2 rating?"
Bill Donnelly, cable consultant.

The consensus is that comprehensive data on small independent systems will be a long time coming, if ever.

But considering the small percentage of the media budget of even the largest advertisers going into cable, some ask if more finely-tuned data is required or even justifiable in terms of expense to produce.

In the long run, the cable industry as an advertising medium may stand or fall on the ability of research to define its audience. Right now, that definition is spotty, perforated by blank areas and often open to question.

Cable's fragmented nature makes it a difficult and expensive medium to measure. Existing methods applied to broadcast audience measurement don't provide an accurate or complete picture of who's watching what on which cable channel and when.

The question for researchers is, how much can be known? For advertisers, how much needs to be known?

A peripheral question among advertisers is who should pay for the research. Seller-provided research is viewed with suspicion. It needs additional measures of credibility, even when provided by an independent source. But advertisers would prefer not to pay for research if another financer can be found.

Cable, for all its promises, is a medium that requires audience sub-

stantiation if it is to fulfill the hopes advertisers have for a pinpointed video medium that is measurable, dependable and efficient.

There are a number of reasons why cable is difficult to measure. In his book about cable, Ron Kaatz, senior vp, director of media research for J. Walter Thompson, summed up the problems.

"In broadcast television, the cost of research services has been shared among several stations in a given local area. Because cable operators have exclusive franchise areas, the expense of audience research for a single local system must be borne by the system itself and cannot be shared.

"In addition," he says, "cable, both on a local and on a national basis, represents a medium of many more channels than in the case of television and with far lower ratings. Furthermore, audiences of most of the national satellite networks are distributed in a non-uniform pattern across the country, often making it extremely costly to develop a sample of viewers."

He goes on to note that "at the local level, many system owners are totally unaccustomed to research, have not involved themselves in advertising sales, and must be convinced that it is to their benefit to provide audience data."

Kaatz believes that separate methods must be developed for cable research. Cable audiences, he believes, "cannot be adequately picked up in existing Arbitron or Nielsen television rating reports." He says that if a cable system covers 20% of a total market, audience data for the system must be measured and not shown as a percentage of the entire television marketplace.

Five methodologies are now being used to measure cable audiences, diaries, meters, telephone coincidentals, telephone recall and two-way radio interactive cable.

The diary method is the least expensive, telephone verification the most expensive. Kaatz notes that the consensus is that cable viewing can't be adequately measured with the same diaries being used for broadcast. There isn't enough space for listing cable's multiple channels; there is general confusion on the part of the viewer as to which channel is being viewed, and overall, dairies tend to under-report lower rated, occasionally-viewed programs.

Continued on page 139

Here's Nielsen/CAB breakout of viewing by homes

	MON-SUN 24 HOURS			
	ALL TV HOUSEHOLDS	NON-CABLE HOUSEHOLDS	CABLE HOUSEHOLDS	PAY CABLE HOUSEHOLDS
Broadcast Affiliates				
ABC	23%	27%	19%	18%
CBS	25	28	20	17
NBC	21	23	18	17
Total	70	80	58	53
Other Broadcast				
Independent*	17	18	15	15
Public	3	3	3	2
Total	20	22	18	18
Ad-supported Cable				
Cable Originated	5	--	11	11
Superstations	5	2	8	7
Total	10	2	19	19
Pay Cable	5	—	11	17
Total Cable Services	15	2	30	36

* excluding Superstations
Source: A. C. Nielsen, April-June, 1983

"Mendlesohn reports HBR delivers 6.8 affluent adult readers* per copy – more than *Business Week, Fortune, Forbes, Dun's Business Month,* and the *Wall Street Journal.*"

*With household incomes of $40,000 or more.

fore the prices skyrocket. And they will.

Go after future sponsorships, even if the teams in the markets you want are sponsored now. Make your needs known and attempt to negotiate up front. If that is not possible, at least try to get in on the bidding when existing contracts expire.

In negotiating, realize that the costs won't seem low even now, but don't use straight cost-per-thousand comparisons with spot as the sole criteria. What seems expensive today, may well seem moderate in a few years as the demand for radio sports heats up. ■

TELEVISION
By CHET BANDES
vp, director of media research, Doyle, Dane, Bernbach.

The value of a loyal audience

For advertisers to focus on their best sales prospects, marketing and media analysis must often go beyond the universe of all product users to a more precise definition of those people who have a greater propensity to purchase the product. This consumer can be characterized as a heavy product user who accounts for a proportionately greater share of product sales. Similarly, in evaluating media, it is important to examine the characteristics of those segments of the population who are heavy users of the various media.

To investigate further whether a relationship exists between media loyalty and advertising effectiveness, Doyle Dane Bernbach has conducted an analysis of television and magazine audiences in terms of their media exposure patterns. The analysis, based on available research, supports the theory that the most loyal group of media users is most likely to be influenced by the content of the medium and the appeal of the medium is also more likely to contribute to the communicative value of the advertising.

Within the television audience, there are those viewers who often look forward to their favorite television programs. The same phenomenon prevails in magazines. For example, there are also readers of publications who check their mail or newsstands waiting for their favorite magazines. Media audiences are comprised of different groups of people in terms of their interest in the various media. Within each medium the heavy media user group tends to be more loyal by virtue of their frequency of exposure than the medium and light user group which has a more casual attitude toward the media.

The loyal audience of each medium represents those people who display the greatest involvement in what they watch and read. This can be measured by the frequency with which they use each medium. During prime time television, for example, the criteria for determining the loyal audience can be expressed by a viewing frequency of at least three out of the last four weekly program episodes. In daytime television, the loyal audience criteria is established at a frequency of at least 13 out of the last 20 daily program episodes. These measures of frequency characterize the heavy viewing groups.

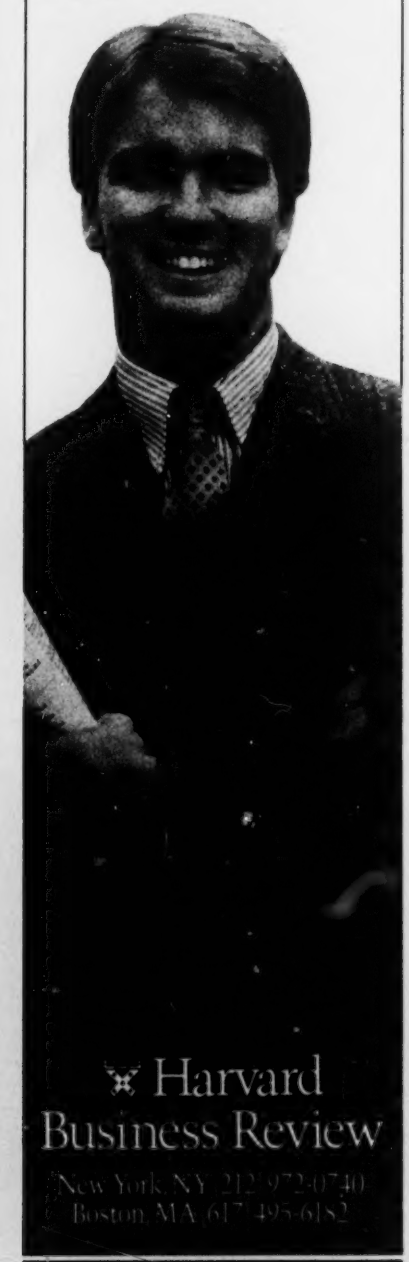
An analysis of the Nielsen Program Cumulative Audience Report shows that *higher-rated programs have a larger loyal audience in terms of their repeat exposure or greater average frequency of viewing over a four-week period.* In fact, the size of the audience that views at least three of the last four telecasts of a prime time program is approximately *twice* the size for high-rated versus low-rated programs.

Prime time tv frequency comparisons

	Four week analysis			
Rating range	Avg. rating	Tele-casts	Avg. freq.	%3+
High (20.0-24.9)	21.9	4	1.9	29
Medium (15.0-19.9)	16.8	4	1.8	24
Low (10.0-14.9)	13.0	4	1.5	14

In daytime, a similar relationship ex-

"Of the 64 publications surveyed by Mendlesohn, the top four delivering the most affluent readers per copy are *Town & Country, Architectural Digest, Financial World*—and HBR."



Harvard Business Review

New York, NY 212-972-0740
Boston, MA 617-495-6182

ists between high-rated and low-rated television programs. Again, it is observed that the daytime audience that views at least 13 out of the last 20 episodes of a particular program is double that for high-rated versus low-rated shows.

Daytime tv frequency comparisons

		Four week analysis		
Rating range	Avg. rating	Tele-casts	Avg. freq.	%13+
High (5.0-9.9)	9.1	20	6.1	19
Medium (6.0-7.9)	7.0	20	5.9	8
Low (Under 6.0)	4.0	20	4.1	9

What is the significance between high-rated and low-rated programs among viewers? Over the years, research has indicated that high-rated television programs have a definite advantage in terms of program appeal and commercial effectiveness over low-rated programs. A TV-Q self-defining measurement of viewer's response to television programs expresses viewer interest by asking respondents to rank television programs of their favorites. The highest ranking is expressed as "One of My Favorites." This measurement reveals that high-rated programs have almost twice the concentration of viewers who rank the program as a "favorite" compared to low-rated programs.

Prime time tv-q comparisons

Rating group	Avg. rating	% of Avg. audience audience who consider "One of my favorites"
High Rated	27.2	59
Medium Rated	19.3	43
Low Rated	10.6	30

Another significant factor from additional research provides evidence that people who regard a program as "One of My Favorites" react more positively to the program *and* to the commercials within that program.

"Favorites" vs. "non-favorites" analysis

Program measurements	"Favorites"	"Non-Favorites"	Favorite advantage
% Viewing entire program	91	61	49%
% Recalling program highlights	58	32	81%
% Viewing only — no other activity	76	41	85%
Commercial measurement			
# Commercials viewed attentively per ½ hour	2.1	1.1	91%
# Salespoints recalled per 100 respondents	27	18	50%
% Recalling commercials	66	46	43%

A further tv-q study cross-referenced media exposure with advertising response to demonstrate the advantage of program "favorites" in terms of commercial effectiveness. A total of seven advertised brands were studied. The findings indicated commercials placed in programs which were regarded as "One of My Favorites" generated significantly higher gains in brand awareness and brand usage.

"Favorites" commercial effectiveness analysis

	Seven brand average
Brand Awareness Gain	+27%
Brand Usage Gain	+37%

While we have been able to demonstrate a positive relationship between rating level and loyal audiences, it should be pointed out that program type can also be a factor.

To demonstrate, two different types of programs were selected with a similar household rating size to control for rating level. The analysis reveals that program types with equal ratings in both nighttime and daytime television can also produce different results in terms of their concentration of loyal audiences.

Prime time tv loyal audience analysis by program type

		Four week analysis		
Program type	Avg. rating	Tele-casts	Avg. freq.	%3+
Drama (all types)	17.7	4	2.0	31
Situation Comedy	17.6	4	1.7	21

Daytime tv loyal audience analysis by program

		Four week analysis		
Program	Avg. rating	Tele-casts	Avg. freq.	%13+
Days of Our Lives	6.0	20	6.3	20%
Wheel of Fortune	6.0	20	5.0	14

It is apparent from the information compiled, that people exhibit a greater loyalty to their favorite television programs and more frequently view these programs. The "loyal audience" compared to the occasional viewer is also more effectively reached through these programs as indicated by their attention to commercials within the program and their recall of the commercial. Most interesting, also, is that higher rated programs have a greater proportion of loyal audience viewers. Perhaps this can be explained by the fact that these programs receive their consistently higher ratings through a greater number of loyal viewers who come back, time after time, to watch the program. While most of information examined has focused on television, the loyal au-

dience theory can be applied to other media as well.

In magazines, for example, the primary readers of a publication are its paying customers. An editor almost always designs a magazine to appeal to the primary paying reader. While total audience measurements in syndicated research include both primary and pass-along readers, these studies have also demonstrated the value of the primary reader over the more casual pass-along reader.

In the 1976 Simmons Study of Primary and Pass-along Readers, respondents were asked whether they felt a particular magazine "provided information extremely well." The study showed that primary readers have a 50% advantage over pass-along readers in their opinion of the information presented. An earlier study conducted by the Roper Organization in 1963 among readers of four women's magazines asked readers "whether they obtained and used ideas" from specific publications. Again, the primary audience held an impressive advantage.

Response to editorial material

	Primary reader (%)	Pass-along reader (%)	Primary reader advantage
Simmons Study (1976)			
Provided information extremely well	33.9	22.4	+51%
Roper Study (1963)			
Obtained, used ideas	52	33	+58%

The primary reader also reads a magazine on more different days. Four studies conducted by different organizations support this repeat pattern of reading behavior.

Reading day patterns

	Primary reader (Days)	Pass-along reader (Days)	Primary reader advantage
Roper Study (1963)	4.2	2.5	+68%
Politz Study (1964)	3.2	2.1	+52%
Simmons Study (1976)	3.0	2.1	+43%
TGI Study (1978)	3.3	2.2	+56%

The research evidence is also consistent in showing that primary readers spend more time with the magazine.

Time spent reading

	Primary reader (minutes)	Pass-along reader (minutes)	Primary reader advantage
Politz Study (1964)	136	79	+72%
Simmons Study (1976)	108	67	+61%
TGI Study (1978)	98	63	+56%

It follows, therefore, that with primary readers spending more time reading, they also have a greater opportunity to see the average page of advertising. A study by the Politz organization in 1966 of twelve magazines reported better than a two-to-one advantage for primary readers.

Advertising page exposures

	Primary reader (# Exp.)	Pass-along reader (# Exp.)	Primary reader advantage
Politz Study (1966)	2.5	1.1	+127%

Furthermore, there are two additional studies which have demonstrated that the primary reader is more responsive to advertising. The Reader's Digest Study (1969) indicated that the primary audience (75% of the Reader's Digest total audience) accounted for 98% of reader inquiries received by seven durable goods advertisers. And the results of a *Fortune* Magazine Study (1970) were so stunning, that the research became known as "The 80-20 Rule." The primary readers (20% of the total) accounted for 80% of the reader response to a variety of offers in forty-one business-oriented publications.

Certainly, there are many elements which impinge on the selection and scheduling of media. All of these factors must continue to be examined in the formation of the advertising and media plan.

It is our intent, therefore, to suggest that "The Loyal Audience Theory" is a concept which can be useful, in addition to other considerations, in the media evaluation process.

"The Loyal Audience Theory" indicates that each medium consists of different kinds of people with different kinds of media behavior — from the highly involved heavy media user to the less interested, more casual segment of the audience. And, as demonstrated by several qualitative measures, the more loyal audience is also more responsive to both the content *and* the advertising within the particular medium.

Although there is less hard data currently in existence for radio and newspapers to verify "The Loyal Audience Theory" in these media, we believe that the same principles, nevertheless, apply. ■

ATTENTION MEDIA PLANNERS!

The 1984 edition of the Eight-Sheet Outdoor national Rates and Allotments book was recently distributed to almost 1500 national agencies and advertisers who are regular users of Eight-Sheet Outdoor.

If you prepare national or regional advertising plans and have not received your issue, you may request a free copy by writing on your company letterhead to,

Eight-Sheet Outdoor
Advertising Association, Inc.
Box 457
Independence, MO 64051

Eight-Sheet Outdoor

Spanish spoken here?

Advertisers and agencies address the Spanish market, but do they have the right numbers? The proliferating and rapidly changing market is upwardly mobile, geographically diffuse and impossible to stereotype.

What does the Hispanic market mean to you?

1980 census figures put the legal population at 16 million. The undocumented population may range from three to eight million, bringing the total to as much as 24 million, one-tenth of the U.S. population. The traceable annual volume is a cool $60 billion.

Some mass marketers, intrigued by potential incremental sales, have since begun courting the market aggressively. The increased importance of the segment is perceptable even in Washington. Proposed legislation on immigration died in the House earlier this year, and is unlikely to be resurrected in an election year. Political pundits see the ethnic group as a major target for votes, especially by Republicans, who have a poor track record with women and other minorities.

Political tendencies of the segment, however, hint at the complexity beneath linguistic homogeneity. Cubans, for example, tend to be Republican because of strong anti-communist sentiments. Puerto Ricans and Mexicans, on the other hand, are heavily Democratic.

Other disparities point to an increasing segmentation within the U.S. Hispanic community.

Unemployment figures show a consistently higher level for this group, compared with the U.S. Bureau of Labor statistics mean (15% versus about 8%). But the number of Hispanic owned business has risen from 220,000 in 1977, with annual receipts in excess of $20 billion, to about

290,000 in 1983 with annual receipts approaching $30 billion, according to Jesus Chavarria, publisher of *Hispanic Business Magazine*.

Hispanic median income across the country is substantially lower than the U.S. mean of $22,500 for a non-farm family of four — hovering at $13,500. Chavarria, on the other hand, points to the Hispanic communities in Miami, where mean income is $26,000, and San Francisco, $35,000.

Nor can the common language characterize Hispanics as a homogeneous group. According to Fermina Platon of J. Walter Thompson's Hispania division, 23% speak only Spanish and an additional 20%, only enough English "to get by." While the more upscale segment of the market tends to depend less on Spanish-language media, there is no correlation between language preferences and income level. Language, according to Guy Antonioli of Ed Yardang & Associates, is simply correlated to arrival from the country of origin.

Mass marketers have seized on the similarities that span the group. Hispanics are more brand loyal than any other segment. At least one third are under 25 years old. The high fertility rate is reflected in high indices for baby-related products and household items. The Hispanic population is highly concentrated in a few urban centers: 66% of the total live in the top 12 ADI's.

Media options

Media available to reach Hispanics in their own tongue have been increasing. SIN, the Spanish International Network, covers the country with 241 affiliates. Independents in markets like New York, Chicago and along the Mexican border increase availability. Full-time cable stations in Texas add a further means for the advertiser to buy locally, according to Bibiana Grau, media director of Conill Advertising.

Grau estimates that there are between 120 and 125 full-time Spanish language radio stations, and countless others that offer part-time Spanish programing. In Miami alone, she says, there are eight Spanish-language radio stations, some of which have higher ratings than the English-language stations in that market.

Car ownership	Hispanics	General Population
Own at least one car	73%	82%
Own one car	46%	46%
Own two cars	22%	28%
Own three or more cars	5%	8%

Source: U.S. Census (latest published figures)
(NOTE: These figures pertain to the declared Hispanic population of 16 million).

Print options include five major dailies, numerous weeklies in the major markets and a magazine list that spans the range from *The Ring*, for boxing afficionados, to *Selectiones de Reader's Digest*.

Advertising to the market has undergone substantial changes with the increasing perceived importance of the segment.

"More people are accepting the Hispanic market," say Ed Yardang's Antonioli. "They see the great marketing opportunity and realize that the market is here to stay."

One problem marketers have had, he notes, is that there is little data available, and what there is, often doesn't coincide.

"But what is certain is that the Hispanic market is a young one, with a terrific opportunity for creating brand loyalty," he says, referring to the tendency toward high brand loyalty among the group.

"Traditionally, Hispanics will not change unless they perceive a very good reason for a switch. Advertising has to address that point. Ten years ago," the base line for marketers, "advertising was simply English-language spots dubbed into Spanish.

"The advertisers began developing their own spots specifically for Hispanics. But they were still translating with a dictionary and, even when using Hispanic actors, often didn't get the situations right. The spot has to be culturally relevant.

"The current overall state is producing meaningful spots, with Hispanic actors, Hispanic situations and diffusing these through Hispanic media. This is a great improvement."

Ed Yardang, he explains, takes the process one step further.

"We create Hispanic campaigns that strategically complement the English language campaign, but that can also stand alone. Depending on the brand and the target market, we may even use both English and Spanish-language media to reach the market."

He cites work done for Coke, in which the advertising depicted a Spanish block party or fiesta. He points to the importance of portraying the Hispanic community in action accurately. The spot was made in Spanish for Hispanic media, and ran on English language television with the same cast but English singing. Antonioli terms these spots, "ethnocized English language spots."

Part of the reason he does not shun Anglo media in search for the Hispanic target, he explains, is that the American Hispanic has essentially two identities. Hispanics are receptive to Spanish and English language broadcasts, he notes, and are impacted by both.

Showing an ethnic spot on mass media also bolsters awareness of the segment.

"Miller does the same thing," he continues. "In addition to the campaign they have running on Hispanic television, they have spots running on Anglo television under the same umbrella."

Antonioli feels that too few marketers have approached the Hispanic community intelligently. "You can't afford to leave out 10% of the consuming population. Especially with the cost-efficiency of Spanish media."

Advocating "culturally relevant advertising concepts, balanced by innovative media buying and strategy," he explains the method Ed Yardang has developed to reach the market.

"Hispanics aren't that difficult to reach, because they are highly concentrated. On the other hand, they aren't that easy, either. The population

make-up varies with city and region. Depending on the target, we divide each market by degrees of assimilation. We use data compiled from different sources to come up with our own figures. We call it 'generational language assimilation,' and rate the market on a one-to-three scale. The more toward one, the greater the dependence on Hispanic media."

The calculation is a correlation based on variables like legal status, education, age, sex and socio-economic base . . . "and anything else available."

Despite the differences, he continues, "you have to look at the cultural/attitudinal similarities that exist among all Hispanics when you are developing advertising. You have to use their heritage to address them."

Some companies have been misled by the differences between groups according to country of origin, he says, and think that a specific market must be addressed "with a distinct creative product." This leads to unnecessarily high production costs, and many have abandoned their efforts, "because it's too much of a hassle."

Lionel Sosa, who heads Sosa & Associates out of San Antonio, has taken the technique he developed while at Ed Yardang, and added another level of sophistication. He explains that the refinement allows greater pinpointing of the upscale segment.

"In the top 33 Hispanic markets, we look at the three levels of acculturation based on media consumption, language use, education and income. The overwhelming factor is language use. A Hispanic who uses Spanish with co-workers, children and parents is in group one. People in that demographic tend to cluster together in 'safer neighborhoods.' They are not in the American mainstream.

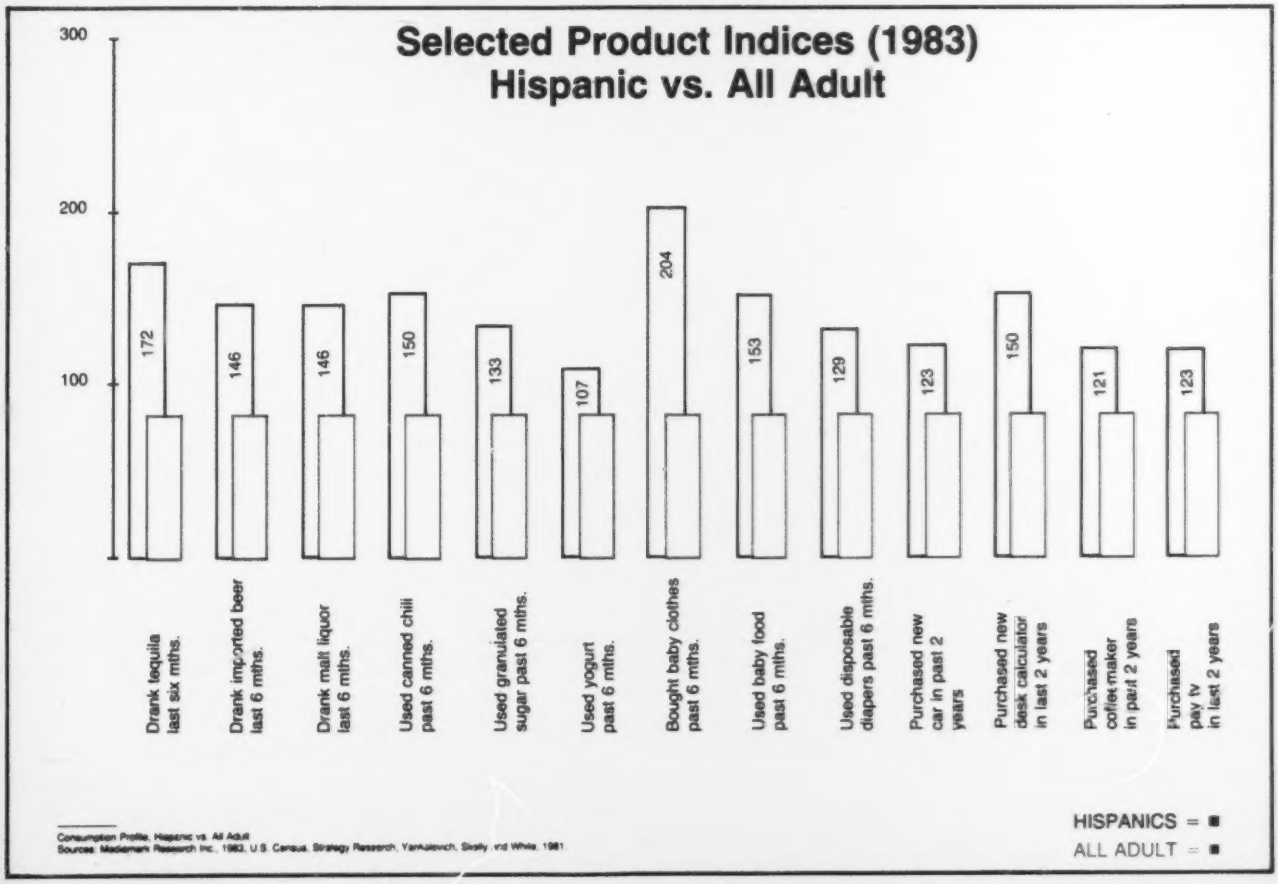
"At the other end is the Hispanic who speaks English with co-workers, children, and most important, with parents. When you add education and income factors, you can then pinpoint class more accurately and look at significant product profiles. The key to this breakdown isn't where Spanish and English are spoken, it's with whom."

Sosa notes that most firms base mailings on Hispanic-surname lists. "This kind of mailing list doesn't tell you anything about the criteria we have established. We look at zip codes and telephone exchanges, especially to pinpoint where the 'threes' live."

He describes the work the agency has done for Canadian Club.

"We used outdoor as the primary medium to maximize impressions in Hispanic neighborhoods. We know where the upscale Hispanics were living in each market. We placed the outdoor with messages targeted to the group. Often, the copy for campaigns such as these are in English; the subtitles are in terms of the model, perhaps, or the overall look."

In the case of Canadian Club, Sosa says, the outdoor advertising was placed in Group two neighborhoods, by overlaying residency information from the Census and outdoor maps. The Group three area, he notes, tends to be more Anglo than Hispanic. "It would be inefficient to put billboards there. The impressions would be wasted."



Consumption Profile, Hispanic vs. All Adult
Sources: Mediamark Research Inc., 1983, U.S. Census, Strategy Research, Yankelovich, Skelly and White, 1981

Instead, he says, the mailing lists, refined by zip codes and telephone exchange information, targets the Group three Hispanics living in predominantly Anglo neighborhoods.

For radio, but especially for television, Sosa advocates the ethnocized English language spot he developed while at Ed Yardang. The key to successfully combining the market with the appropriate message, he says, is the formula his company has developed to calculate grp's against the Hispanic population.

"This is very important," he says, "because media preferences change parallel to changes in language use."

Mass marketing

By now, however, the Hispanic population has grown into a definable market, with an annual growth rate of 6.5% greater than the rest of the population. Abbott Wool, executive vp, director of marketing services at Roblas-Rodriguez-SAMS, explains how media preferences can be used to select from available channels.

"Radio is generally considered the strongest medium, because it is locally originated in many more places within the Hispanic market, than television is. This, and the concentration on local events within Spanish language programs, make it more effective on a local basis.

"In any market where Spanish-language television and radio are head-to-head, like New York, television is the stronger selling medium." He notes that these distinctions hold for the majority of advertisers gearing toward the segment, who proffer mass items.

"Most products are not upscale. Procter & Gamble, Colgate, Sears, all those major advertisers to this market, are selling and advertising basics." He notes that the tendency toward brand loyalty is bolstered by a marked preference for top-of-the-line products and a disdain for couponing, characteristic of the entire segment.

Advertisers follow the high consumption indices for certain goods. Wool says, "By observation and measurement, the market is shown to be heavily upwardly skewed on beer. The biggest advertisers on a single brand basis are the beers, led by Budweiser with a budget for the market between $3 million and $4 million."

The main distinction print offers, Wool continues, is its ability to address the market regionally. "Many Hispanics are now getting educated in English only, although Spanish is spoken in the home. You can use print for finer targeting."

Outdoor is more effective in this market than in any other. "Outdoor gets a larger share out of total Hispanic media expenditures, than out of total media expenditures," Wool says, explaining that transit routes through Spanish neighborhoods, subway stations, and neighborhood billboards provide great selectivity based on the population concentration. Advertisers in this medium include Cafe El Pico, Michelob and Borden.

Conill's Grau says that the major advantage to using Hispanic language media is "that there is no waste. Hispanics are highly concentrated. They aren't living in the suburbs."

THE TOP TEN HISPANIC MEDIA MARKETS

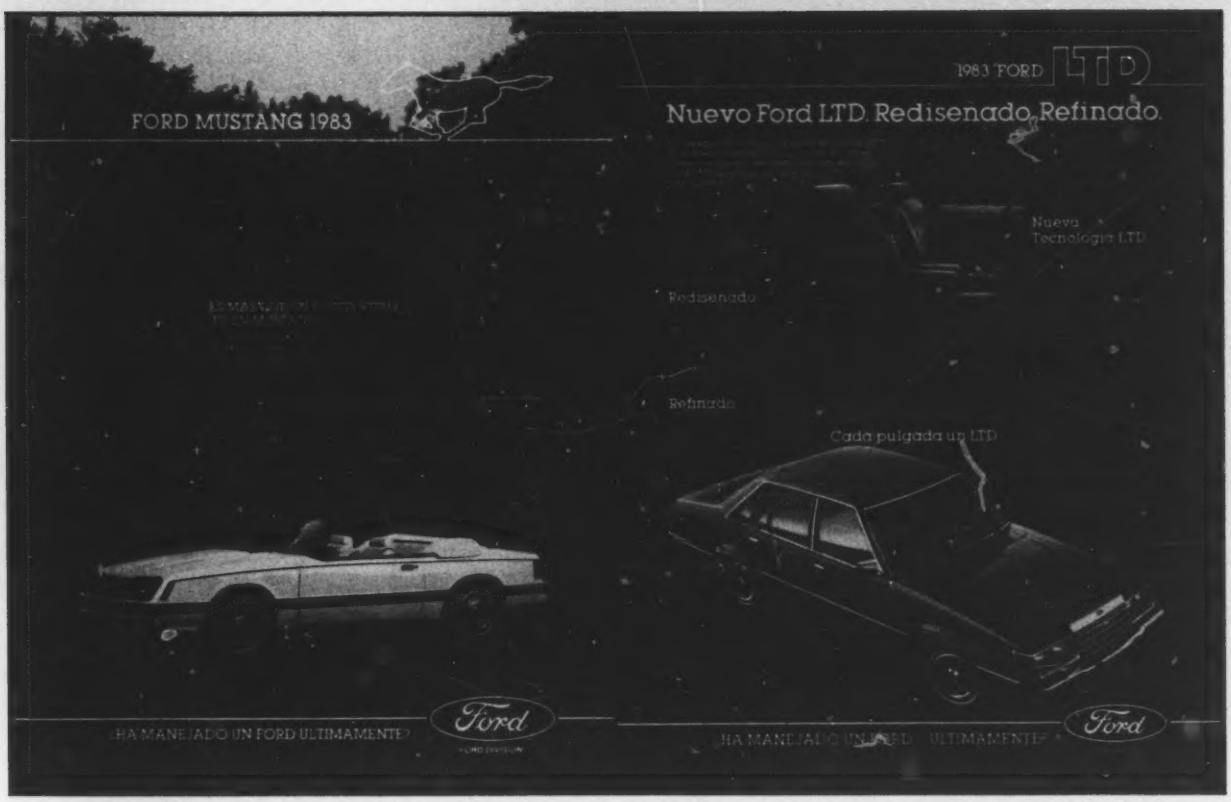
		% Total Metro population
1. Los Angeles	$38.5 million	34
2. New York	$36.0 million	30
3. Miami	$30.5 million	44
4. San Antonio	$11.0 million	61
5. Chicago	$10.0 million	10
6. San Francisco/ San Jose	$ 9.0 million	16
7. El Paso	$ 4.8 million	84 (includes Juarez)
8. San Diego	$ 4.5 million	38 (includes Tijuana)
9. Phoenix	$ 3.1 million	21
10. Fresno	$ 3.0 million	31 (includes Madera, Visalia)

This $150.5 million represents 65% of total media expenditures toward that market. The estimate for the total covers the top 30 Hispanic markets.
Source: *Hispanic Business Magazine*, December 1983. Reprinted with permission of *Hispanic Business Magazine*, the Santa Barbara based magazine.
Source: 1980 Census

TOTAL EXPENDITURES, 1983 HISPANIC MARKET ADVERTISING EXPENDITURES (SPANISH LANGUAGE), BY MEDIA

National television	$40.5 million
National radio	$30.5 million
Local television	$40.5 million
Local radio	$50.0 million
Independent television	$11.7 million
Print	$23.0 million
Outdoor	$ 6.0 million
Promotion	$20.0 million
Transit	$ 2.2 million

The total, $222.4 million, reflects advertiser dollars spent in Spanish language media. It does not includes monies spent in Anglo media to reach Hispanics.
Source: *Hispanic Business Magazine*, December 1983. Reprinted with permission of *Hispanic Business Magazine*, the San Barbara based magazine.



AS AN EXAMPLE of Ford's targetting efforts, the Mustang ad ran in the boxing magazine, *The Ring*, and the LTD ad did not.

At the same time, she says, "media work needs creativity. You can't buy and plan media the same way you do English-language media. There aren't as many tools, since Nielsen and others don't measure the Hispanic market well with their methodology."

She explains that the most important aspect of buying for this market is "familiarity with the media." The media, she says, is there: "you just have to know how to use it effectively and efficiently." She notes that these criteria must be kept in mind, since English language media do reach Hispanics, but not as efficiently.

"Hispanics browse through English-language media, but they buy through Spanish language media."

Grau, who has worked on accounts for Pepsi, McDonald's and Scott Paper, gives an example of the type of knowledge the market demands.

"We got an account that had been using Spanish-language television in the Chicago area through another agency. The agency claimed that they were getting prime time in Chicago, under the impression that Spanish prime time was the same as Anglo. But Chicago prime time is 4:30 p.m. to 6:00, because that is when the highest rated programs run.

"The two most popular novellas, or soap operas, are in that time period. Novellas are the most popular program overall; they generate a very loyal audience, because they are similar to the programs in most countries of origin. The second most popular form of programing is the news."

She adds that marketing must be creative as well. The most effective campaigns, she notes, echoing Antonioli's recommendations, are those that run parallel to the general campaign. "You don't want to confuse the market. You have to be consistent and have the same message."

Most Conill clients, she says, have heeded the results of the 1981 Yankelovich study, which show media preferences heavily skewed toward television. "68% of Hispanics watch Spanish language television. Since the medium has improved since then, we expect that the results of the 1984 study will be even more favorable.

"Radio is on a par with television because it plays an important role in the daily routine. For Hispanics, it's the music you don't hear on Anglo stations, and information about community affairs. There is a very heavy reliance on radio stations in these communities. People will frequently call a station to get telephone numbers."

J. Walter Thompson's Fermina Platon says Hispanic media is most effective for reaching the 50% of the population that overlap with English, in addition to those who prefer Spanish. "In as much as the advertising is appearing in a relevant environment, the effectiveness is much greater."

She says that for Ford, one of the advertisers with the agency, media is only half of the picture. "This market demands an emotional understanding that you can't get from the general marketplace point of view."

Media selection is very time consuming, she says. "We go back and forth between the stations, the markets and the agency. The top 30 markets represent a national campaign, but since there are no syndicated studies, all the calculations have to be done by hand. We are working more closely with the media, than for other market

Occupations of Hispanic and all workers, by sex: 1981

(Numbers in percent of total workers, by sex)

Occupation	All workers		Total Hispanics		Mexican American		Puerto Rican		Cuban	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Professional and technical	15.9	17.0	7.7	8.8	5.7	8.0	8.5	11.6	12.9	9.9
Managers, Administrators	14.6	7.4	7.8	4.7	6.3	4.3	6.9	6.1	14.5	5.5
Sales	6.1	6.8	3.1	5.1	2.6	5.2	2.6	3.0	6.2	4.9
Clerical	6.3	34.7	6.4	31.9	5.0	32.4	13.1	36.4	9.4	31.9
Craft and kindred workers	20.7	1.9	20.1	2.4	20.9	2.5	15.4	2.5	20.7	2.2
Operatives, except transport	11.1	9.7	18.9	22.0	20.2	21.6	20.6	25.8	12.5	29.7
Transport equipment operatives	5.5	0.7	6.6	0.4	6.8	0.5	6.2	0.5	6.6	—
Nonfarm laborers	7.1	1.3	10.9	1.6	12.7	2.2	8.5	0.5	7.4	1.1
Service workers	8.9	19.4	13.3	21.4	12.2	21.1	17.6	13.1	9.4	14.8
Farm workers	3.9	1.1	5.2	1.6	7.5	2.5	0.3	0.5	0.4	—

Source: Roth, "Hispanics in the U.S. Labor Force"

Trends in political preference

Political Party	Total		Place of origin: Puerto Rico		Cuba		Mexico		Other Hispanic	
	Dec.	Sept.	Dec.	Sept.	Dec.	Sept.	Dec.	Sept.	Dec.	Sept.
Democratic	41.1%	39.0%	49.8%	44.7%	25.8%	27.5%	45.2%	43.0%	40.0%	37.2%
Republican	28.2	30.1	20.5	23.5	48.3	43.0	24.9	28.7	21.6	25.0
Other	4.4	5.0	4.0	3.8	2.5	3.0	3.7	5.4	8.4	6.9
None	9.7	8.2	10.3	13.6	6.0	6.5	7.8	3.7	17.4	16.7
Don't Know	16.6	17.7	15.4	14.4	17.4	20.0	18.4	19.2	12.6	14.2
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: U.S. Hispanic Poll®
Strategy Research Corporation

segments. It's a grass-roots approach; we attack it from a media point of view and an advertising point of view."

The mixed nature of the different markets, she adds, demands an in-depth knowledge of each.

"These markets aren't faceless. I know the character of each, from country of origin, to composition according to different standards."

Jesus Chavarria, publisher of *Hispanic Business Magazine*, claims that as much as 40% of the census registered Hispanic population is "second-tier," as he calls the upscale portion of the market. While other sources, such as the League of United Latin American Citizens, a Washington lobbying group, feel the figure is much lower, Chavarria points to the results of surveys conducted by his publication to support his claim.

What is particularly distinct about this second tier, Chavarria explains, is that it does not rely on Spanish language media to the same extent as the bulk of the market. Upscale Hispanics tend to be the most fluent in English, with media consumption patterns that have evolved to match consumption of other goods.

"This is an interesting marketing problem," he says, noting the problem for upscale marketers in targeting the segment. "Most corporate clients are beginning to sense the appearance of this second tier, but they don't have an analytic handle on it yet. They don't have any idea of how to view it." Few marketers have ventured to segment the Hispanic market, he says, adding that specializing agencies have tended to characterize it as a homogeneous group strongly linked by a common language.

One of the few advertisers willing to perceive the second tier is the Ford Motor Company. Paul Sheridan, Hispanic advertising coordinator for the car manufacturer, explains that the company needs to define its upscale target within the market as a whole.

"We are halfway through a research study to evaluate our advertising and marketing approach. Right now, we are advertising on SIN (Spanish International Network) and ten publications, to reach the upper-income households. The profile is the same as for the Anglo market, so we have to be selective. We're not selling beer. We're after the demographic that can afford a new car or truck."

The research is trying to determine whether the company should develop separate Hispanic commercials for different regions and what language is most effective for reaching the targeted demographic. The general tactics espoused by marketers of mass products don't apply for big ticket items, he explains.

The vehicle purchasing patterns and preferences of different groups within the market are the main reason Sheridan is looking into the possibility of specialized spots.

Out West, especially in the Southwest, Mexican-American demographic is younger than average. Sports cars, especially Mustangs, are very popular there. In other areas, the LTD's are popular, mostly because of the family sizes.

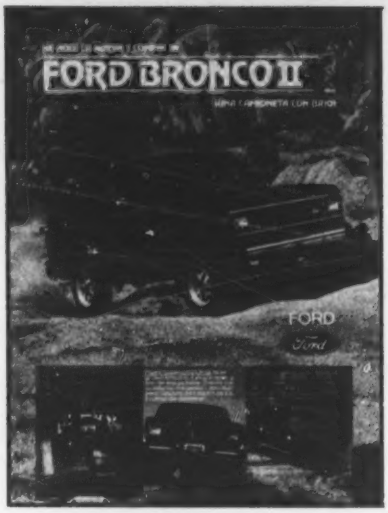
"For example, we have sensed that there is a higher desire for information in the Hispanic market." This observation comes from two factors, he says. Hispanics are aware that they are not getting the attention they deserve,

and their strong tendency toward brand loyalty leads them to seek product knowledge.

This means that Ford advertising has to justify that the car is the best buy," he says, "to a greater extent than for the rest of the market.

Because of the specific nature of the desired demographics, Sheridan does not believe that use of Hispanic-oriented advertising in Hispanic media is a solution.

"We are currently testing our creative approach from two different angles," he says. On national media like SIN, the company uses Spanish voice-overs with Anglo cultural visuals. On the regional level, broadcast and print advertising is designed to reflect Hispanic values, traditions and language. One reason the company decided to adapt its general campaign with voice-overs, rather than designing a spot specific to Hispanics, is the dual identity, particularly noticable in the upscale segment. Sheridan notes that many spots designed by major marketers for Spanish-language television do not reflect otherwise high standards of quality on Anglo television.



ADS FOR THE BRONCO model appeared in sport enthusiast vehicles like *The Ring* and upscale publications.

"We are entertaining the idea that the national Hispanic spot be done the same way as the regional ones," he says, "but we're waiting to see what the research tells us about efficient use of language."

Sheridan says that the current media plan complements the marketing strategy in segmenting the Hispanic market. "We depend on the power of the national budget to support the regional advertising — the commercial approach can't be low quality. The national level has to be the same as the regional one."

One of the research results Sheridan is particularly eager for, is the efficacy of English versus Spanish. In some cases, he notes, the upscale Hispanic may perceive it as a stigma to be addressed in Spanish. He says that Ford was the only company running Spanish-language advertising in *Hispanic Business Magazine* before his tenure.

At the same time, advertising in Spanish seems valid for several reasons. There is no close correlation between the targeted income bracket and linguistic ability. There is a sizeable portion of the Hispanic market with dual language ability, who might be more effectively addressed in one language over the other. And, he notes, "Hispanics are trying very hard to hang on to their culture. Even among those in the business world — who use English at work — Spanish is often spoken in the home."

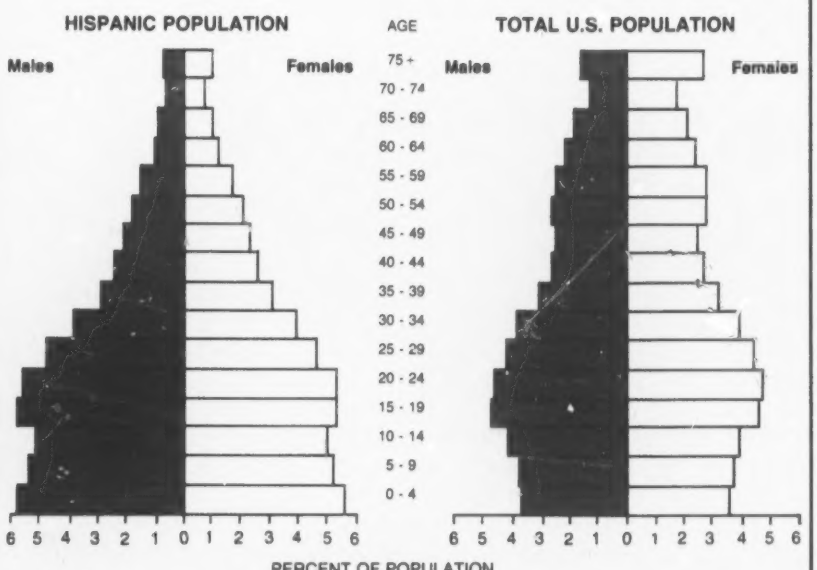
The research, he feels, will result in a "two-pronged attack." But the marketing and media will still remain a problem. "On the one hand, the fully integrated, upscale portion of the market is not dependent on Spanish language media. We can reach 50% of the market without any Hispanic advertising at all. On the other, there is that overlapping 50% of the market that can go either way, in terms of responsiveness to media. They spend half their time watching Spanish-language television, and spend half their time or more speaking the language. They are more comfortable in Spanish."

Who is upscale?

The eagerness of those working with the Hispanic market reflects the sense of potential. The growth rate of the segment, its high level of brand loyalty, and the overall perception of its permanence, reflected in media selection, promise the boost venturesome marketers have already begun to gauge.

Laura Jereski

Age-sex composition of the Hispanic and total U.S. population: 1980



Source: Bureau of the Census, "Age, Sex, Race, and Spanish Origin of the Population by Regions, Divisions, and States: 1980," *1980 Census of Population*, Supplementary Report, PC80-S1-1, 1981.

Apparel

The recession is officially over, but consumers came back to the counter with careful purchase of conservative clothes. Women are buying skirts and dresses, passing on pants. The customer is looking for quality, manufacturers are out to fill the need.

If this year marks a trend, the hippie look is definitely out.

Today, men and women are buying apparel as if each clothing item were an investment. Their eye is on value and quality. But fashion still remains a priority, especially among women.

Women are beginning to prefer the feminine look over a pair of worn-out, comfortable jeans. Skirts and dresses are in. Pants are outdated.

"The consumer today is looking for

Media expenditures

	Total	Newspapers	New Sups	Net tv	Spot tv	Net radio	Outdoor	Spot Radio	Mags
J. C. Penney	$128,343.8	$100 million	—	$17,664.6	$ 4,580.1	$ .0545	—	$ 225.4	$6,099.1
Sears	100,000.0	70 million	$ 85.4	18,862.6	2,395.5	3,184.2	—	398.6	6,141.1
Jordache	16,112.0	1,326.2	963.1	—	11,550.3	—	$406.8	—	1,865.6
Levi-Strauss	19,594.4	602.9	132.9	5,700.1	6,947.3	839.4	503.6	1,667.4	3,200.8
Lee	6,870.6	90.3	66.0	694.1	4,581.4	318.3	2.1	544.5	573.9
Wrangler	9,557.2	—	—	8,272.8	1,193.4	—	7.0	55.2	28.8
Sergio Valente	3,961.5	102.3	66.7	—	3,408.1	—	274.0	80.0	30.4
Calvin Klein	6,291.0	436.8	298.6	—	3,555.9	—	409.3	—	1,590.4

Source: Leading National Advertisers, Media Records, Radio Expenditure Reports.

quality. They are buying fewer items but they are paying more for those items because they believe they will last longer," said Carl Priestland, chief economist of the American Apparel Manufacturer's Association.

Last year's poor sales of apparel, caused by the recession, have been reversed this year. Consumers have grown tired of cutting back on buying fashionable clothing.

"During January of 1983, consumers began to spend again. There is more emphasis now on brand names and there is a greater desire for flashier clothes, more vibrancy and brighter colors," said Ed Johnson, consumer economic forecaster at Johnson's *Redbook*.

"The emphasis is on a different type of apparel now however. There is more emphasis on investment clothing both last year and this year. For women, there is less of the men's business look. The women want more lace, more softness and more femininity in the way they dress," Johnson said.

As women begin to prefer dresses and skirts over jeans, Johnson notes that sales of women's jeans are off. At Calvin Klein, women's sales are off 30%, he said. Calvin Klein's men's sales have increased by 20%, but at Levi's, he noted, sales for the spring of next year are off for both men and women.

Advertising expenditures are up this year by approximately 20% as marketers seek to capitalize on the upward trend. During the first six months of 1983, apparel marketers spent $138 million in the six major media measured by Leading National Advertisers. Network television is receiving an increasing percentage of the media pie, stealing dollars away from spot television and from magazines.

Even the designer jeans marketers have increased their advertising budgets. Although most agree that the designer jean craze has ended, many top advertised brands, including Jordache and Sergio Valente report continued growth. But in a sign that the market may not be all that prosperous for designer jeans, many of the designers have branched into a wider range of apparel through licensee agreements.

Apparel marketers spend in a variety of media. Approximately 25% is spent in national magazines, 4% in newspaper supplements, 27% in network television, 24% in spot television, and less than 1% in network radio and outdoor. Newspapers receive approximately 15% of the overall apparel budget with spot radio, nearly 6%.

As many of the newcomers to the apparel market from the designer jean field begin to expand distribution beyond metropolitan markets on the coasts, network television is starting to pick up additional dollars in favor of spot television.

Despite the increased use of network, however, magazines, newspapers and newspaper supplements continue to be popular vehicles for making fashion statements and for segmenting the market.

Levi-Strauss

Seeking to shed its image as a complacent jeans maker, Levi-Strauss has mounted a major promotional/media package aimed at speeding up not only sales of the basic jean but other lines of sportswear as well.

Key to its strategy for gaining broad national recognition is the brand's sponsorship of the Olympics. That commitment began in 1981 and continues through the 1984 Summer Olympics in Los Angeles. Levi's sponsorship carries a price tag of $50 million, which includes the cost of outfitting teams and staff for the games, two promotions to build awareness of that sponsorship and media to support the outlay.

Levi-Strauss is spending some $18 million for advertising during the games on ABC. In addition, the marketer has bought a gatefold in *Sports Illustrated*'s guide to the games and a gatefold in *TV Guide*'s Olympic Viewing program.

Beside this corporate advertising theme, three of Levi's four apparel divisions are tying into the Olympics theme by tagging commercials with Levi's as the official outfitter of the games.

Sears

As of late, Sears has been refocusing more marketing muscle behind soft goods, with a particular eye toward apparel.

One of its major strategies has been to introduce a number of brand name items, including the successfully marketed Cheryl Tiegs sportswear line introduced in 1980. Sears also brought out a line of active wear clothes featuring a celebrity endorsement from tennis great Evonne Goolagong Cawley and a men's wear line endorsed by golfer Arnold Palmer.

Newly named advertising agency Needham Harper Steers (See related story, *Sears gets a face lift*, October 1983, pg. 59.) developed a highly effective campaign for apparel, "There's more for your life at Sears." That theme line has expanded into a corporate image campaign.

With more energy focused on soft goods rather than the store's traditional strength in hard goods, Sears is beginning to combat the growing strength of discount stores, which are doing twice the volume of the three retailers, Sears, Penney's and Wards, together.

Calvin Klein

Among designer jeans, the Calvin Klein name has enjoyed a high quality reputation based on its high end sportswear. But 75% of the designer's sales are from jeans.

Even as word has spread that the designer jeans craze has peaked, Calvin Klein has continued to show strength. Sales have been reinforced by a a smart marketing move last year to increase total advertising outlays while lowering the price of denims by 20%.

This year, however, Calvin Klein is reporting a 30% drop in jean sales to women, only slightly offset by a 20% increase in men's sales.

To counter the downward trend, Calvin Klein is increasing the budget for spot television and network television. Judging from first six months figures for 1983, Calvin Klein has cut the magazine budget slightly to allow for those increases.

The television commercials have proved to be highly memorable with beautiful models who depict modern-life situations while reciting the name, Calvin Klein, with a voice of grave importance.

Penney's

By far, the largest bill that Penney's pays to advertise men's and women's apparel is for newspapers. The giant retailer spends over $100 million in the medium to advertise apparel, according to James Boynton, media manager. That $100 million represents 55% of the total amount Penney's spends in newspapers, he said.

Newspapers are placed locally market by market following instructions from the main office.

Sponsorship of the 1984 Olympic games is a major prong of Levi-Strauss marketing plans. These outfits were designed by the company, to be worn by the U.S. Olympic Teams in the opening ceremonies at Los Angeles. Outfits were chosen by consumers in a nationwide sweepstakes promotion.

The advertising budget is split between national and local. While the local budget contains funds for radio and some tv, Boynton said, the bulk of the local spending is in newspapers.

On the national scene, Penney's is a big believer in targeted publications and in network and spot television for efficiency, Boynton said.

Since Penney's has cut back on hard goods lines such as electronic equipment, the retailer has been able to afford greater time on network television, "which is more efficient for us," Boynton said.

Early this past summer, J.C. Penney introduced a unique womenswear collection created by Halston, more commonly associated with Seventh Avenue than with mainstream retailers. The line of contemporary sportswear designed for the working woman or modern housewife has been selling very well, according to industry sources.

Print ads for the Halston line began appearing in July in 21 fashion and service magazines. In addition, Penney's placed a heavy network television schedule to support the new label.

Sergio Valente

Sergio Valente spends to reach the 14-25 year old, the primary consumer of its embroidered jeans. The bulk of this brand's ad budget of nearly $4 million is allocated to spot television. Sergio buys dance programs that are popular with teens with additional buys in early and late fringe as well as occasional prime time and news.

Spot television ad dollars also are employed to reach the children's market, primarily on independent stations and Saturday morning television. Sergio Valente also spends a substantial percentage of the spot television market to reach Hispanics. It advertises on Spanish television in New York, Los Angeles and Miami.

Sergio Valente additionally spends nearly $1.5 million in spot radio. Use of the medium is particularly heavy during the summer months.

"During the summer, you can't reach the teens through newspapers or even through television. They're on the beach listening to the radio," said Susan Laskey, director of fashion promotion.

Spot radio is also used during the holiday and back-to-school periods.

Sergio Valente pinpoints specific targets in *Seventeen, Cosmopolitan, Penthouse, Ebony* and *Gentlemen's Quarterly*. An additional favorite is the New York *Times* magazine.

As with all the designer jeans, Sergio Valente spends a substantial sum in outdoor to take advantage of bold graphics.

Jordache

Jordache continues to be the heaviest spender among designer jeans. A good portion of its $16 million budget for 1982 was spot television in the top 35 markets. The heavy commitment to spot television should continue through 1984, according to Rachel Glickman, media coordinator.

Jordache also spends heavily in magazines, however. For the first six months of 1983, Jordache has already spent close to $1 million in magazines, among them several female oriented books, city magazines and lifestyle publications such as *People, Self* and *Sports Illustrated,* Glickman said.

Jordache also makes a big splash in newspaper supplements. It favors the New York *Times* magazine because it reaches both consumer and trade groups. Jordache gears up for multi-page color ads in fashion sections of the newspaper supplement.

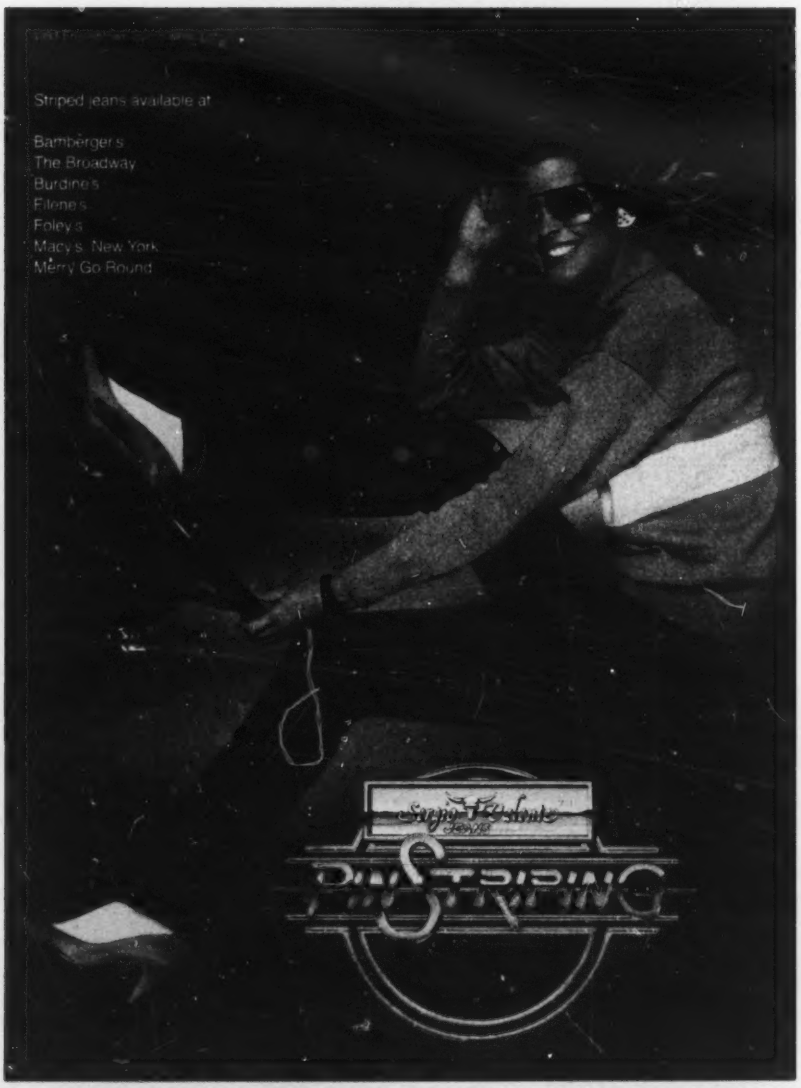
As newspapers across the country began to add fashion supplements, Jordache is evaluating their use, Glickman said.

Another alternative Jordache is considering is network television, she added, but no decision has been reached.

Jordache continues to use billboards as an effective way of showing up close how its jeans hug the body. First six month figures for 1983 show that the brand is employing greater use of outdoor than the previous year. In 1982, Jordache spent nearly $500,000 in outdoor.

Lee

The Lee brand is coming off an exceptionally strong year with sales up by more than 35%. The brand is benefitting from a gain in status as one of the best-cut jeans on the market, according to consumer economic forecaster, Ed Johnson, who studies the apparel market. Additionally, Lee has signed up a wider range of depart-



Sergio Valente's current campaign features pin stripe jeans. This particular ad runs in *Seventeen* this December, to reach the 14-25 demographic targeted for the brand.

ment stores which were displeased when Levi's began selling through Sears and Penney's. These department stores wanted exclusivity.

The Lee advertising strategy is brand recognition. That goal is basically accomplished through approximately $5 million in spot television. Lee is also looking to increase the television budget, according to advertising director, David Lowe. Lowe cites the Lee buy on the last episode of *MASH* as one example of the company's increased interest in net tv buys.

Lee also spends a sizeable amount, approximately $540,000 in spot radio. The radio campaign is for extra emphasis for teens.

Lee's print schedule includes *Boy's Life, Glamour, Seventeen* and *People*.

Among the alternative media Lee is evaluating is cable, especially such programing as MTV.

Carrying through with its attempt to gain higher brand recognition, during 1983, Lee used sports personalities to endorse the brand.

Wrangler

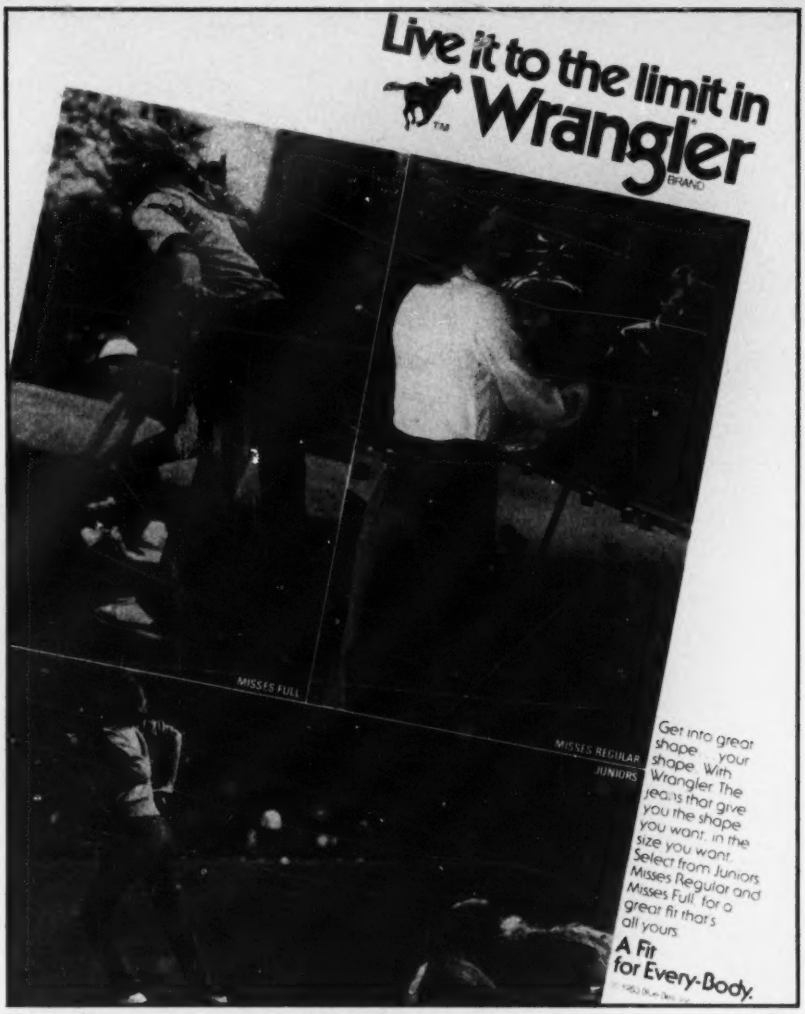
This number two brand in the jeans market is pouring significant increases into the advertising budgets. In 1983, the media budget was increased 40%-50%, according to advertising director, Mike McAllister. McAllister said he anticipates spending at least another 35% more in 1984.

"From the standpoint of clutter, we need to spend more money," McAllister said. "Since 1980, we've shown that this is a consumer oriented company. In the 1970's we were manufacturing and trade oriented. Now we know that if we spend more money, we increase the sales. This is one business where the sales curves actually work," said McAllister.

Wrangler's primary medium is prime time television. The campaign is intended to reach men and women, ages 13-34.

Because of the erosion of network television audiences, however, additional funds are being allocated to alternative media, McAllister said. Wrangler is advertising on MTV for extra emphasis to young adults and teenagers. It also has syndicated several country/western shows.

Teens are also pinpointed through programs on network radio and through specific schedules in *Teen* and *Seventeen*. Females are reached through *Cosmopolitan, Self, Vogue, Glamour, Mademoiselle* and *Working Woman*.


Live it to the limit in Wrangler
BRAND
MISSES FULL
MISSES REGULAR
JUNIORS
Get into great shape. Your shape. With Wrangler. The jeans that give you the shape you want, in the size you want. Select from Juniors, Misses Regular and Misses Full, for a great fit that's all yours.
A Fit for Every-Body.

Wrangler continues to make major inroads in the jeans market with an ad theme that stresses the brand's fit and design.

While McAllister acknowledges that Wrangler was hurt by the designer jeans phase, he notes that the brand has since picked up additional business from people who may never have bought jeans before. Indeed, Wrangler has increased its market share by 50% since 1979, he said. Wrangler's however still trails Levi's, which has sewn up 25% of the jean's market. Wrangler has a 13% share.

Conclusions

As consumers begin to look at new ways of dressing, casting aside their blue jeans in favor of dress pants and skirts and blouses, smart marketers are beginning to capitalize on the trend.

With more consumers conscious of brand names, dollars are being spent for brand recognition.

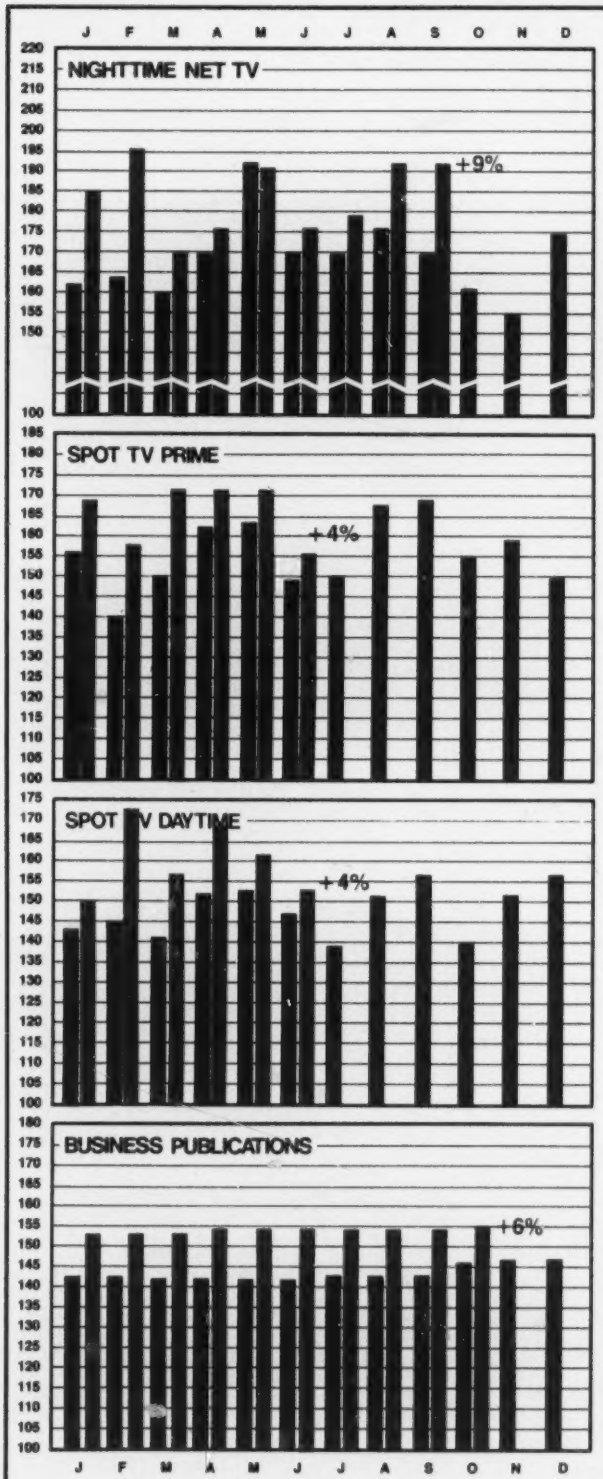
While Sears has introduced several private labels, the designer jeans marketers are seeking to expand their franchises into other lines of sportswear while maintaining a respectable share of the jean's market.

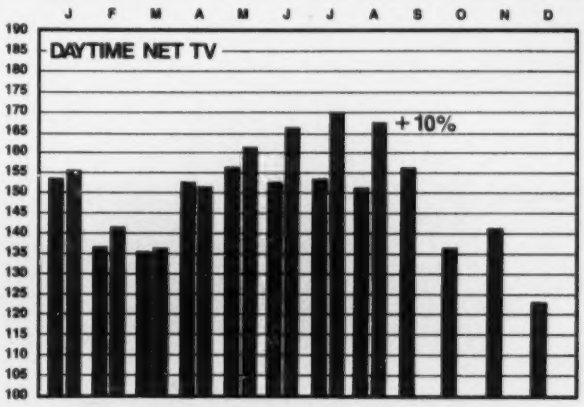
Meanwhile, there is a battle emerging between department stores and discount houses. As discounters capture a greater share of apparel sales, major marketers will need to spend more wisely their substantial media dollars to encourage consumers to buy during a recession and to prompt them to continue to buy brand names.

Rebecca Fannin

MEDIA COST INDEX

Black bars index for 1982; color bars 1983; base year 1977





The Cost Index shows comparative data for nighttime network and daytime tv, magazines, newspapers, supps, network radio and outdoor posters. With this issue, updated data is available for spot prime and daytime tv. Data for spot radio is still unavailable.

Spot prime tv appears on the chart with the December issue, and shows prices up 4% in June over the previous year, but down in trend for the first six months, which prior to June had been fairly strong.

Nighttime network tv is charted through September and showed strength as the third quarter ended with a 9% rise over close of 1982 third quarter.

Daytime network tv posted a 10% gain for August, continuing a strong trend through a traditionally weak third quarter.

National supplements also held their continuing 15% gain through October, while newspapers maintained a 6% climb in September.

Network radio managed a 5% in August to pick up slightly over the previous month.

Business publications held steady with the 6% increase that has been evident throughout the year. **Outdoor** demonstrated the same price stability as it posted another 6% gain over the September of 1982.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

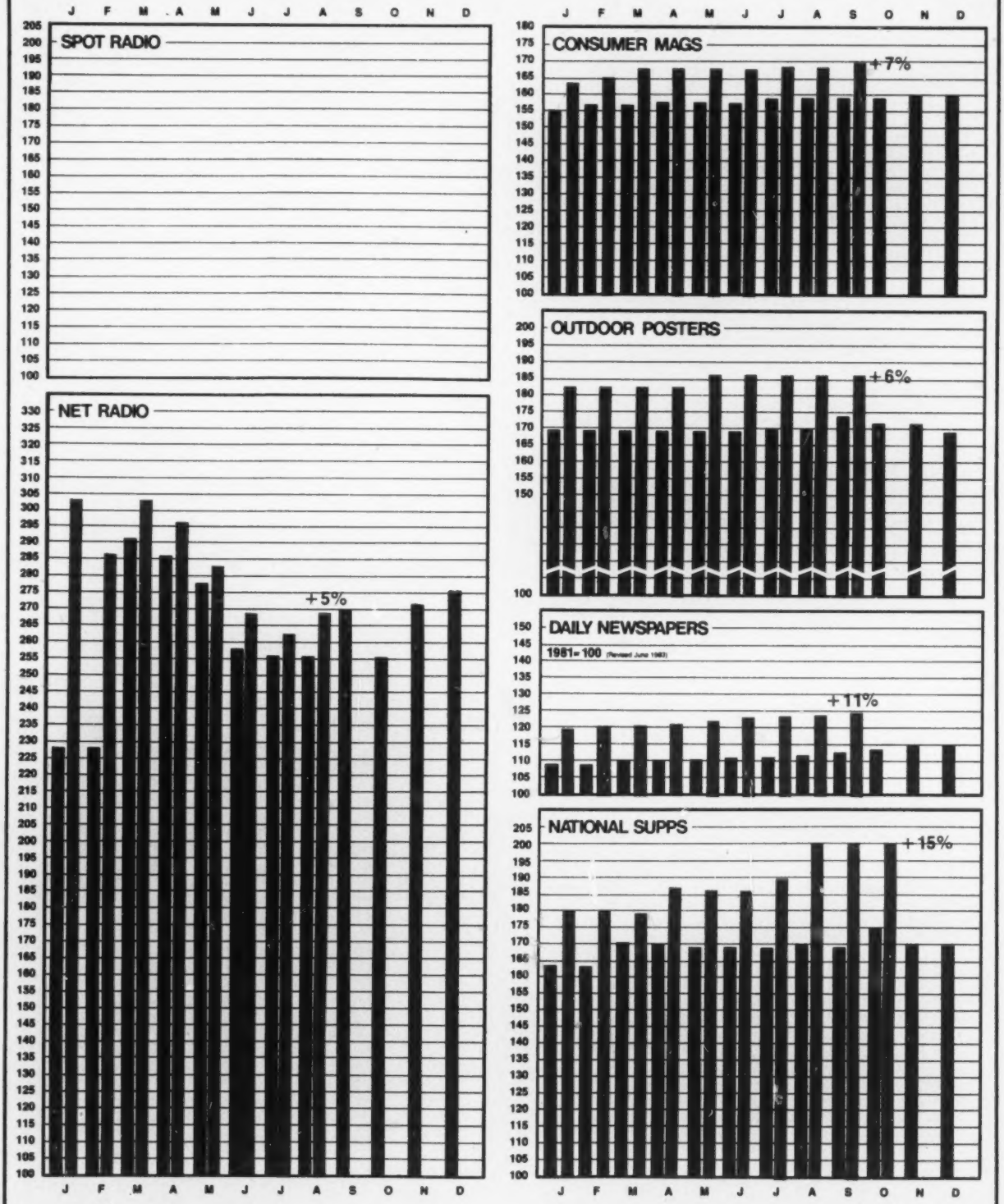
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. Spot Radio data to develop a continuing index are not available at the present.

How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

MEDIA COST INDEX (continued)

Black bars index for 1982; color bars 1983; base year 1977



CABLE RESEARCH (from 59)

The Cable Audience Measurement Study (CAMS), conducted by the A.C. Nielsen Co. and released last spring, verified that diaries underreported cable viewing.

In response to that finding, both Nielsen and Arbitron are developing new diary forms. The form developed for monitoring broadcast viewing makes it difficult to detail viewing on 30+ channel systems. The CAMS Study also validates the telephone coincidental as an accurate way to measure share.

But concrete proposals for comprehensive cable audience measurement weren't forthcoming. Advertisers using or pondering the use of cable are up against two major questions:

- As the data now stands, how valuable is it for local and national planning?
- Can the research be improved to the point that advertisers now leary of cable would rate the data adequate for the development of justifiable plans?

New electronic media maven Bill Donnelly raises the question of relative value in cable research, and asks whether advertisers and agencies would ask of established media the fine tuning they are demanding from cable research.

"What is the real difference between a 0.9 rating and a 1.2 rating for competing cable networks, say, with an audience of 15 million. Is the significance of that data of an order of magnitude to justify substantial dollars in research?" he asks.

"I think a lot of the people complaining about the results of research in cable are afraid of cable or selling against it," he suggests. Donnelly also proposes that audience ratings are seldom the real reason for buying cable. "For example, the ethnic networks — the numbers are meaningless. The reason to do it is to say you're on it. A lot of reasons for being on cable don't demand a lot research."

But on the other side of the issue, he admits that the financing of cable research has been on a small scale because they may fear what the research will show.

And who should pay for it? "The media always pay for it," Donnelly contends, not the agencies and the clients. "Ted Turner did it going in. Research is part of the cost of doing business."

Donnelly also believes there needs to be some changes in methodology. He finds an increasing acceptance of telephone coincidentals after years of doubt. "Telephone coincidentals are looking like a more valid methodology," he said.

But with the growing demand for more meters on both Nielsen and Arbitron, Donnelly believes "the normal pressures will create better numbers for cable."

William Behanna, at A.C. Nielsen, acknowledges that research is being conducted for a number of smaller cable systems on audience. But data for research is proprietary, and being distributed and exposed by the owners of the data, as, if and when they see fit. Until it finds its way into a central audience data bank it won't do advertisers much good.

However, Nielsen is making more comprehensive cable data available, with what it calls Cable On-Line Data Exchange, known by its acronym, CODE. The data base contains information on over 7,000 system headends. It provides listings of systems offering local advertising, spot rates, aggregate subscriber counts by headend, system, tier, county, state, cable network, region, franchise, national, or pay and basic tiers.

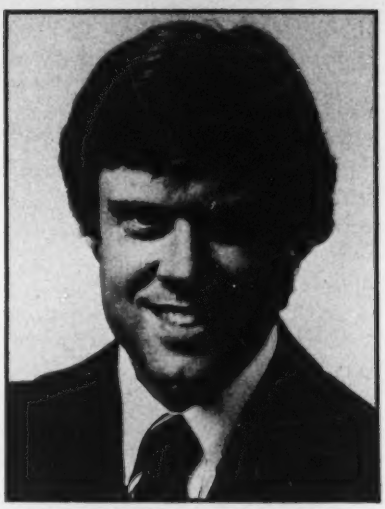
The data is retrievable by county, DMA, MSO, state or equipment directories.

Interpreting the data is not always an easy task.

Beverly O'Malley, vp, director, electronic media at Dancer Fitzgerald Sample, notes it has been difficult to break out the data in such a way as to get the total picture.

"When one combines both basic cable and superstation viewing, shares build to 12-13% in prime time in basic cable and households, and 11-18% in daytime. Previously, Nielsen did not break out superstation viewing separately; in fact, it was buried in the broadcast numbers."

She has put together a composite chart comparing non-cable households, basic cable households and pay cable households, showing the cumulative strength of cable.



"What kind of attentiveness level does *Business Times* have?"
Jay James, senior vp, video technology/programing, Doyle Dane Bernbach.

Richard Simon, vp, associate director of corporate broadcast D'Arcy-MacManus & Masius, finds the problem with cable research mostly affects the MSO groups and smaller systems.

"Cable groups that are big enough to have gotten in the Nielsen Index give us acceptable information because the Nielsen format and data are acceptable.

"The smaller groups haven't done enough, and probably won't be able to do enough to give us the ability to support their pitches. Something needs to be done to give us enough support information to use these systems."

Simon is encouraged by the Nielsen decision to ad meters, but disqualifies himself from being able to render a verdict on how many meters are enough. "I don't know if 1,700 is the right number in regard to adequate cable data. I don't even know if it's enough for measuring network ratings."

But Simon does acknowledge that with the current research data, it's often "not enough to justify the purchase of cable. Agencies put a lot of effort against cable, and currently, it's our loss leader."

Jay James, senior vp, video technology/programing, at Doyle Dane Bernbach, is satisfied with the quality and sometimes with the quan-

tity of data coming in on the six major cable networks. But he notes that only two of them provide demographics in addition to household data, WTBS and ESPN.

"We'd like demos for all of them," he said. "But we see it happening more and more as the cable nets are measured, and we're getting the kind of information we need to make a proper buy. In fact, there's nothing stopping us now from making cable buys."

He would like to see, in addition, some attentiveness level data on cable programing. He cites as an instance, ESPN's *Business Times*, which has a small rating. "But what kind of attentiveness level does it have? Does that audience really pay attention? Is there less commercial zapping? If we had that kind of information it might cause us to increase our cable spending dramatically.

"We'd also like to see more product usage data, and at regular intervals," James said.

But as for local systems, James says, "I think we're a long way from any kind of local measurement. The local systems may need to get together and do it on a DMA basis. They would all benefit if they would sell themselves together.

"For instance, there is the New Jersey Cable Link-up, which makes the state of New Jersey a possible buy, but agencies don't buy it that way. They think about New York and Philadelphia, so it doesn't make any sense to buy cable for the state of New Jersey."

As for accuracy of measurement, James finds the meter to be still the most reliable. "The meter is the most reliable for absolute levels of viewing, other than the telephone coincidental, which is much more expensive. The meter is the best way to go, and the diary is the most accurate measure of demographics."

Fred Brandt, vp, director of media information and analysis at Ted Bates, prefers meters to diaries for cable audience measurement. He observed in a report to the agency, "Currently, many meter or potential meter markets have cable penetrations below the national average — 37.9%. However, as the cable franchises are awarded and wiring commences with the latest 'state of the art' cable equipment (80 to 100+ channel capacity) the diary methodology will indeed be tested.

"Recognizing that diaries will be the only economically viable measurement for some time in most markets, both services are investigating enhancements in their diaries to accomodate the expanding television channel options.

"However, as cable penetration increases and cable's share of total viewing grows, meters clearly represent a better measurement tool to define cable audience levels as opposed to even a new modified diary."

Jane Zenaty, manager of media research at Leo Burnett, Chicago, finds the state of national network cable research adequate "for the amount of money we're spending on cable."

But she acknowledges it would be helpful to have more demographic information, insofar as the cable nets tend to pitch themselves in terms of demographic targeting rather than households.

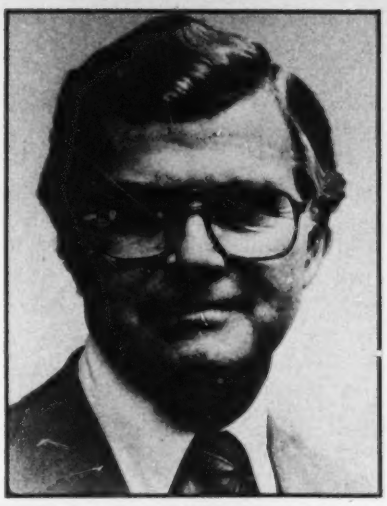
Cable data at the local level is sparse Zenaty admits, and the problem is confounded by the contrast between broadcast and cable marketplace definitions.

"We don't spend a lot of money on local cable," she said, "but we get enough directional hints to justify the buy." Actually, Zenaty explained, the buy is based on extrapolation. "We assume that the performance of cable networks is the same on a local level as it is the the national level. We also analyze local Nielsen data to see where the local audiences are going other than network television, and extrapolate on that. There are leaps of faith involved in this," she assured.

"But considering the small amounts of money being spent on local cable, we really aren't justified in asking for finely tuned research, but we would like to see more sophisticated data."

Zenaty proposes that local systems do telephone coincidentals on their audiences at least twice a year, and that the data should be coordinated. "That would be a good investment for cable systems that are interested in selling beyond just the local market.

"We do want more data to support what are now often just our educated guesses," Zenaty said.



"I don't know if 1,700 meters are enough to measure cable audiences" *Richard Simon, vp, director of corporate broadcast, D'Arcy-MacManus & Masius.*

Herb Smith, senior vp, media, at Spiro & Associates, Philadelphia, takes a dour view of the state of cable research. For the majority of advertisers, he believes, "Cable is still a mystery." For what started as a vehicle for "narrowcasting," he notes that cable is increasingly a mass medium. "What we need more than ever is a nose count."

With cable systems increasingly in trouble and merging to stay alive, Smith notes that cable systems "aren't getting the revenues they thought they would be getting," and that, he thinks, is directly due to a lack of advertising.

"We examined cable, hoping the narrowcasting perspective would be meaningful, but getting data on which systems accept advertising is horrendous."

The agency has one cable system as a client, and Smith has addressed seminars for cable operators on how to get advertising. "I've told operators that they aren't to blame for the lack of research. They are mostly entrepreneurs and engineers. Most of them are content to make money on subscription and escalating pay tiers. I've recommended that they form an association, create a marketing position, which is now completely lacking.

"From a selling standpoint, the cable system operators are neophytes, and can't do a reach and frequency presentation to an agency."

Over at the Cable Advertising Bureau, president Bob Alter sees the blossom rather than the blight. "There have been tremendous advances made in the past couple of years."

Alter cites the differences in viewing patterns that exist in cable and non-cable households. "There is a serious underdelivery problem for broadcast advertisers in cable households, and that has made advertisers sit up and take notice," he said.

It is this distinction to which the bureau most forcefully addresses itself. The bureau is now putting metered information plus data from BAR and NAD into a computer program. That is run against network delivery to determine how the networks performed against cable and non-cable households.

"We see more information coming together, and a growing number of cable interconnects," Alter said.

Among users, some went even before research provided any grounds for the buy. Anheuser-Busch started that way in 1978, with a big buy on ESPN. Charles B. Fruit, vp, corporate media at A-B said, "we made that buy when there was no research available at all. We thought our audience would be attracted to that kind of cable sports programing."

"We do want more data to support what are now our educated guesses."

Since then, A-B and Fruit have developed a case on what they want from cable research. "Our position is that we pretty much think cable audience research should be consistent with broadcast audience research.

"We really don't agree totally with the contention that cable is a different medium and needs to be researched differently from broadcast. But as cable systems have quantified their audience data, that has made the job easier for us," Fruit said.

As one of the biggest investors in cable, Fruit said, "we will continue to invest a sizeable amount of money, and as cable penetration increases, our investment will increase right along with it."

Fruit notes that A-B is also developing its own sports cable network, and advised that the industry "can count us among the biggest supporters of cable."

Clearly, cable is still a supplementary medium. Its importance is as great as its audience. The argument over cable research centers on just how large and significant that audience is.

But as cable audiences grow, so do the number of channels, and fragmentation of audience remains a problem.

As cable becomes more important in terms of audience numbers and demographics, increasing pressure will be put on syndicated research services to deliver more refined data.

Meanwhile, those advertisers with enough money to pursue the audience already lured to cable appear satisfied with the results. For those who don't have the funds or inclination to use cable, the question of adequate research is purely academic.

Fred Gardner

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